
**TITLE II OF THE APPALACHIAN REGIONAL
DEVELOPMENT ACT OF 1965**

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(40 U.S.C. Appendix)

AN ACT To provide public works and economic development programs and the planning and coordination needed to assist in development of the Appalachian region.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the “Appalachian Regional Development Act of 1965”.

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TITLE II—SPECIAL APPALACHIAN PROGRAMS

PART A—NEW PROGRAMS

APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM

SEC. 201. (a) In order to provide a highway system which, in conjunction with the Interstate System and other Federal-aid highways in the Appalachian region, will open up an area or areas with a developmental potential where commerce and communication have been inhibited by lack of adequate access, the Secretary of Transportation (hereinafter in this section referred to as the “Secretary”) is authorized to assist in the construction of an Appalachian development highway system and local access roads serving the Appalachian region. The provisions of section 106(a) and 118 of title 23, United States Code, relating to the obligation, period of availability, and expenditure of Federal-aid highway funds, shall apply to the development highway system and the local access roads, and all other provisions of such title 23 that are applicable to the construction and maintenance of Federal-aid primary and secondary highways and which the Secretary determines are not inconsistent with this Act shall apply, respectively, to such system and roads. Construction on the development highway system shall not exceed three thousand and twenty-five miles.¹ Construction of local access roads shall not exceed one thousand four hundred miles that will serve specific recreational, residential, educational, commercial, industrial, or other like facilities or will facilitate a school consolidation program.

(b) The Commission shall transmit to the Secretary its designations of (1) the general corridor location and termini of the development highways, (2) local access roads to be constructed, (3) priorities for the construction of segments of the development highways, and (4) other criteria for the program authorized by this sec-

¹ The mileage of the highway system was increased from 2,900 to 3,025 miles by section 138(b) of the Surface Transportation Assistance Act of 1978 (P.L. 95-599 approved November 6, 1978).

tion. Before any State member participates in or votes on such designations, he shall have obtained the recommendations of the State transportation department of the State which he represents.

(c) In no event shall the Secretary assist in any construction (including right-of-way acquisition) which would require for its completion the expenditure of Federal funds (other than funds available under title 23, United States Code) in excess of the appropriations authorization in subsection (g). On its completion each development highway not already on the Federal-aid primary system shall be added to such system and each development highway and local access road shall be required to be maintained by the State as provided for Federal-aid highways in title 23, United States Code.

(d) In the construction of highways and roads authorized under this section, the States may give special preference to the use of materials and products indigenous to the Appalachian region.

(e) For the purposes of research and development in the use of coal and coal products in highway construction and maintenance, the Secretary is authorized to require each, participating State, to the maximum extent possible, to use coal derivatives in the construction of not to exceed 10 per centum of the roads authorized under this Act.

(f) Federal assistance to any construction project under this section shall not exceed 80 per centum of the costs of such project.¹

(g) To carry out this section there is hereby authorized to be appropriated to the President, to be available until expended, \$175,000,000 for the fiscal year ending June 30, 1971; \$175,000,000 for the fiscal year ending June 30, 1972; \$180,000,000 for the fiscal year ending June 30, 1973; \$180,000,000 for the fiscal year ending June 30, 1974; \$185,000,000 for the fiscal year ending June 30, 1975; \$185,000,000 for the fiscal year ending June 30, 1976; \$185,000,000 for the fiscal year ending June 30, 1977; \$250,000,000 for the fiscal year 1978; \$300,000,000 for the fiscal year 1979; \$300,000,000 for the fiscal year 1980; and \$215,000,000 for fiscal year 1981, and \$65,000,000 for fiscal year 1982.

(h)(1) When a participating State proceeds to construct a segment of a development highway without the aid of Federal funds, in accordance with all procedures and requirements applicable to the construction of segments of Appalachian development highways with such funds, except insofar as such procedures and requirements limit a State to the construction of projects for which Federal funds have previously been appropriated, the Secretary, upon application by the State and with the approval of the Commission, is authorized to pay to the State the Federal share not to exceed 80 per centum of the costs of the construction of such segment, from any sums appropriated and allocated to such State to carry out this section.

(2) This subsection shall not be construed as a commitment or obligation on the part of the United States to provide funds for segments of development highways constructed under this subsection,

¹ Subsection (f) of Section 201 was amended to permit Federal assistance from 50 percent to 80 percent by section 138(a) of the Surface Transportation Assistance Act of 1978 (P.L. 95-599 approved November 6, 1978).

and shall not increase the limitation on construction in subsection (c).

DEMONSTRATION HEALTH PROJECTS

SEC. 202. (a) In order to demonstrate the value of adequate health facilities and services to the economic development of the region, the Secretary of Health and Human Services is authorized to make grants for the planning, construction, equipment, and operation of multicounty demonstration health, nutrition, and child care projects, including hospitals, regional health diagnostic and treatment centers and other facilities and services necessary for the purposes of this section. Grants for such construction (including the acquisition of privately owned facilities not operated for profit, or previously operated for profit where the acquisition of such facilities is the most cost-effective means for providing increased health services if the Commission finds that but for the acquisition of such facility such health services would not be otherwise provided in the area served by such facility, and initial equipment) shall be made in accordance with section 223 of this Act and shall not be incompatible with the applicable provisions of title VI of the Public Health Service Act (42 U.S.C. 291–291o), the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (77 Stat. 282), and other laws authorizing grants for the construction of health-related facilities, without regard to any provisions therein relating to appropriation authorization ceilings or to allotments among the States. Grants under this section shall be made solely out of funds specifically appropriated for the purpose of carrying out this Act and shall not be taken into account in the computation of the allotments among the States made pursuant to any other provision of law.

(b) No grant for the construction or equipment of any component of a demonstration health project shall exceed 80 per centum of such costs. The Federal contribution may be provided entirely from funds authorized under this section or in combination with funds provided under other Federal grant-in-aid programs for the construction or equipment of health-related facilities. Notwithstanding any provision of law limiting the Federal share in such other programs, funds authorized under this section may be used to increase Federal grants for component facilities of a demonstration health project to a maximum of 80 per centum of the costs of such facilities.

(c) Grants under this section for operation (including initial operating funds and operating deficits comprising among other items the costs of attracting, training, and retaining qualified personnel) of a demonstration health project, whether or not constructed with funds authorized by this section, may be made for up to 50 percent of the costs of that operation (or 80 percent of those costs in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226). The Federal contribution may be provided entirely from funds appropriated to carry out this section or in combination with funds provided under other Federal grant-in-aid programs for the operation of health related facilities and the provision of health and child development services, including title IV, parts A and B, and title

XX of the Social Security Act. Notwithstanding any provision of the Social Security Act requiring assistance or services on a statewide basis, if a State provides assistance or services under such a program in any area of the region approved by the Commission, such State shall be considered as meeting such requirement. Notwithstanding any provision of law limiting the Federal share in such other programs, funds appropriated to carry out this section may be used to increase Federal grants for operating components of a demonstration health project to the maximum percentage cost thereof authorized by this subsection. No grant for operation of a demonstration health project shall be made unless the facility is publicly owned, or owned by a public or private nonprofit organization, and is not operated for profit. No grant for operation of a demonstration health project shall be made after five years following the commencement of the initial grant for operation of the project, that child development demonstrations assisted under this section during fiscal year 1979 may, upon State request, be approved under section 303 of this Act for continued support beyond that period if the Commission finds that no Federal, State, or local funds are available to continue such demonstrations. No such grants shall be made unless the Secretary of Health and Human Services is satisfied that the operation of the project will be conducted under efficient management practices designed to obviate operating deficits.

(d) The Secretary of Health and Human Services is authorized to provide funds to the Commission for the support of its Health Advisory Committee and to make grants for expenses of planning necessary for the development and operation of demonstration health projects for the region. The amount of any such grant shall not exceed 75 per centum of such expenses. The Federal contribution to such expenses of planning may be provided entirely from funds authorized under this section or in combination with funds provided under other Federal or Federal grant-in-aid programs. Notwithstanding any provision of law limiting the Federal share in any such other program, funds appropriated to carry out this section may be used to increase such Federal share to the maximum percentage cost thereof authorized by this subsection.

(e) In order to provide for the further development of the Appalachian region's human resources, grants under this section shall give special emphasis to programs and research for the early detection, diagnosis, and treatment of occupational diseases arising from coal mining, such as black lung.

(f) MAXIMUM COMMISSION CONTRIBUTION AFTER SEPTEMBER 30, 1998.—

(1) IN GENERAL.—Subject to paragraph (2), after September 30, 1998, a Commission contribution of not more than 50 percent of any project cost eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act.

(2) DISTRESSED COUNTIES.—In the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226, the maximum Commission contribution under paragraph (1) may be increased to the lesser of—

- (A) 80 percent; or
- (B) the maximum Federal contribution percentage authorized by this section.

【Secs. 203–206 repealed by P.L. 105–393 (112 Stat. 3620).】

ASSISTANCE FOR PLANNING AND OTHER PRELIMINARY EXPENSES OF
PROPOSED LOW- AND MODERATE-INCOME HOUSING PROJECTS

SEC. 207. (a) In order to encourage and facilitate the construction of rehabilitation of housing to meet the needs of low- and moderate-income families and individuals, the Secretary of Housing and Urban Development (hereafter in this section referred to as the “Secretary”) is authorized to make grants and loans from the Appalachian Housing Fund established by this section, under such terms and conditions as he may prescribe, to nonprofit, limited dividend, or cooperative organizations, and public bodies, for planning and obtaining federally insured mortgage financing or other financial assistance for housing construction or rehabilitation projects for low- and moderate-income families and individuals, under section 221 of the National Housing Act, section 8 of the United States Housing Act of 1937, section 515 of the Housing Act of 1949, or any other law of similar purpose administered by the Secretary or any other department, agency, or instrumentality of the Federal or State government in any area of the Appalachian region determined by the Commission.

(b) No loan under subsection (a) of this section shall exceed 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226) of the cost of planning and obtaining financing for a project, including, but not limited to, preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site options, applications and mortgage commitment fees, legal fees, and construction loan fees and discounts. Such loans shall be made without interest, except that any loan made to an organization established for profit shall bear interest at the prevailing market rate authorized for an insured or guaranteed loan for such project. The Secretary shall require payments of loans made under this section, under such terms and conditions as he may require, upon completion of the project or sooner, and except in the case of a loan to an organization established for profit, may cancel any part or all of such a loan, if he determines that a permanent loan to finance such project cannot be obtained in an amount adequate for repayment of such loan under this section.

(c)(1) Except as provided in paragraph (2) of this subsection, no grant under this section shall exceed 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226) of those expenses, incident to planning and obtaining financing for a project, which the Secretary considers not to be recoverable from the proceeds of any permanent loan made to finance such project, and no such grant shall, be made to an organization established for profit.

(2) The Secretary is authorized to make grants and commitments for grants, and may advance funds under such terms and

conditions as he may require, to nonprofit, limited dividend, or cooperative organizations and public bodies for reasonable site development costs and necessary offsite improvements, such as sewer and water line extensions, whenever such a grant, commitment, or advance is essential to the economic feasibility of any housing construction or rehabilitation project for low- and moderate-income families and individuals which otherwise meets the requirements for assistance under this section, except that no such grant for the construction of housing, shall exceed 10 per centum of the cost of such project, and no such grant for the rehabilitation of housing shall exceed 10 per centum of the reasonable value of such rehabilitation housing, as determined by the Secretary.

(d) All funds allocated to the Secretary for the purposes of this section shall be deposited in a fund which shall be known as the Appalachian Housing Funds and shall be used as a revolving fund by the Secretary for carrying out such purposes. General expenses of administration of this section may be charged to the fund. Monies in the fund not needed for current operation may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

(e) The Secretary or the Commission may provide, or contract with public or private organizations to provide, information, advice, and technical assistance with respect to the construction, rehabilitation, and operation by nonprofit organizations of housing for low or moderate income families in such areas of the region and may provide funds to the State for making grants and loans to nonprofit, limited dividend, or cooperative organizations and public bodies for the purposes for which the Secretary is authorized to provide funds under this section.

(f) Programs and projects assisted under this section shall be subject to the provisions cited in section 402 of the Act, notwithstanding such section, to the extent provided in the laws authorizing assistance for low- and moderate-income housing.

【Sec. 208 repealed by P.L. 105-393 (112 Stat. 3621).】

PART B—SUPPLEMENTATIONS AND MODIFICATIONS OF EXISTING PROGRAMS

【Sec. 211¹ repealed by P.L. 105-220 (112 Stat. 1059).】

【Sec. 212-213 repealed by P.L. 105-393 (112 Stat. 3621-3622).】

SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

SEC. 214. (a) In order to enable the people, States, and local communities of the region, including local development districts, to take maximum advantage of Federal grant-in-aid programs (as hereinafter defined) for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share, or for which there are insufficient funds available under the Federal grant-in-aid Act authorizing such programs to meet pressing needs of the region, the Federal Cochairman may

¹ Amendments made to this section by section 214 of P.L. 105-393 could not be executed because of the earlier repeal of this section by P.L. 105-220.

use amounts made available to carry out this section for all or any portion of the basic Federal contribution to projects or activities (hereinafter referred to as projects) under such Federal grant-in-aid programs authorized by Federal grant-in-aid Acts, and for the purpose of increasing the Federal contribution to projects under such programs, as hereafter defined, above the fixed maximum portion of the cost of such projects otherwise authorized by the applicable law. In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant-in-aid program is proposed to be made under this subsection, no such Federal contribution shall be made until the responsible Federal official administering the Federal grant-in-aid Act authorizing such contribution certifies that such program or project meets the applicable requirements of such Federal grant-in-aid Act and could be approved for Federal contribution under such Act if funds were available under such Act for such program or project. Funds may be provided for programs and projects in a State under this subsection only if the Commission determines that the level of Federal and State financial assistance under Acts other than this Act, for the same type of programs or projects in that portion of the State within the region, will not be diminished in order to substitute funds authorized by this subsection. Funds provided pursuant to this Act shall be available without regard to any limitations on areas eligible for assistance or authorizations for appropriation in any other Act. Any findings, report, certification, or documentation required to be submitted to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of any Federal grant-in-aid program shall be accepted by the Federal Cochairman with respect to a supplemental grant for any project under such program.

(b) COST SHARING.—

(1) IN GENERAL.—The Federal portion of such costs shall not be increased in excess of the percentage established by the Commission, and shall in no event exceed 80 per centum thereof.

(2) MAXIMUM COMMISSION CONTRIBUTION AFTER SEPTEMBER 30, 1998.—

(A) IN GENERAL.—Subject to subparagraph (B), after September 30, 1998, a Commission contribution of not more than 50 percent of any project cost eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act.

(B) DISTRESSED COUNTIES.—In the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226, the maximum Commission contribution under subparagraph (A) may be increased to 80 percent.

(c) The term “Federal grant-in-aid programs” as used in this section means those Federal grant-in-aid programs authorized by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid programs authorized by the following Acts: Federal Water Pollution Control Act;

Watershed Protection and Flood Prevention Act; titles VI and XVI of the Public Health Services Act; Vocational Education Act of 1963¹; Federal Airport Act; Airport and Airway Development Act of 1970; part IV of title III of the Communications Act of 1934; title VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; sections 201 and 209 of the Public Works and Economic Development Act of 1965;² the housing repair program for homeowners authorized by section 1319 of title 42, United States Code; grants under the Indian Health Service Act (42 Stat. 208); and title I of the Housing and Community Development Act of 1974. The term shall not include (A) the program for the construction of the development highway system authorized by section 201 of this Act or any program relating to highway or road construction authorized by title 23, United States Code or (B) any other program for which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act. For the purpose of this section, any sewage treatment works constructed pursuant to section 8(c) of the Federal Water Pollution Control Act without Federal grant-in-aid assistance under such section shall be regarded as if constructed with such assistance.

(d) Not to exceed \$97,000,000 of the funds authorized in section 401 of this Act for the two-fiscal-year period ending June 30, 1969, shall be available to carry out this section.

PART C—GENERAL PROVISIONS

MAINTENANCE OF EFFORT

SEC. 221. No State and no political subdivision of such State shall be eligible to receive benefits under this Act unless the aggregate expenditures of State funds, exclusive of expenditures for participation in the National System of Interstate and Defense Highways, and exclusive of local funds and Federal funds, for the benefit of the area within the State located in the region are maintained at a level which does not fall below the average level of the last two years of when it finds that a State's average level of such expenditures for its last two full fiscal years preceding the date of enactment of this Act. In computing the average level of expenditure for its last two fiscal years, a State's past expenditure for participation in the National System of Interstate and Defense Highways and expenditures of local funds and Federal funds shall not be included. The Commission shall recommend to the President or such Federal officer or officers as the President may designate, a lesser requirement when it finds that a substantial population decrease in that portion of a State which lies within the region would not justify a State expenditure equal to the average level of expenditure, within an individual program, has been disproportion-

¹Probably should be "Carl D. Perkins Vocational and Technical Education Act of 1998". See section 3(g) of Public Law 105-332, which could not be executed because of an error made by section 4(e)(2) of Public Law 98-524.

²The amendment made by section 217(c)(2) of P.L. 105-393 struck out "Titles I and IX of the Public Works and Economic Development Act of 1965". The amendment should have struck "titles . . .". This was executed to reflect the probable intent of Congress.

tionate to the present need for that portion of the State which lies within the region.

CONSENT OF STATES

SEC. 222. Nothing contained in this Act shall be interpreted as requiring any State to engage in or accept any program under this Act without its consent.

PROGRAM IMPLEMENTATION

SEC. 223. No program or project authorized under any section of this title shall be implemented until (1) applications and plans relating to the program or project have been determined by the responsible Federal official to be not incompatible with the provisions and objectives of Federal laws which he administers that are not inconsistent with this Act, and (2) the Commission has approved such program or project and has determined that it meets the applicable criteria under section 224 of this Act and the requirements of the development planning process under section 225, and will contribute to the development of the region, which determination shall be controlling and which shall be accepted by the Federal agencies.

PROGRAM DEVELOPMENT CRITERIA

SEC. 224. (a) In considering programs and projects to be given assistance under this Act, and in establishing a priority ranking of the requests for assistance presented to the Commission, the Commission shall follow procedures that will insure consideration of the following factors or in a severely and persistently distressed county or area:

(1) the relationship of the project or class of projects to overall regional development including its location in an area determined by the State to have a significant potential for growth;

(2) the population and area to be served by the project or class of projects including the relative per capita income and the unemployment rates in the area;

(3) the relative financial resources available to the State or political subdivision or instrumentalities thereof which seek to undertake the project;

(4) the importance of the project or class of projects in relation to other projects or classes of projects which may be competition for the same funds;

(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic and social development of the area served by the project; and

(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures may be evaluated.

(b) LIMITATION.—Financial assistance made available under this Act shall not be used to assist establishments relocating from one area to another.

(c) Funds may be provided for programs and projects in a State under this Act only if the Commission determines that the level of Federal and State financial assistance under Acts other than this Act for the same type of programs or projects in that portion of the State within the region, will not be diminished in order to substitute funds authorized by this Act.

APPALACHIAN STATE DEVELOPMENT PLANNING PROCESS

SEC. 225. (a) Pursuant to policies established by the Commission, each State member shall submit on such schedule as the Commission shall prescribe a development plan for the area of the State within the region. The State development plan shall reflect the goals, objectives, and priorities identified in the regional development plan and in any subregional development plan which may be approved for the subregion of which such State is a part. Such State development plan shall (1) describe the State organization and continuous process for Appalachian development planning, including the procedures established by the State for the participation of local development districts in such process, the means by which such process is related to overall statewide planning and budgeting processes, and the method of coordinating planning and projects in the region under this Act, the Public Works and Economic Development Act of 1965, and other Federal, State, and local programs; (2) set forth the goals, objectives, and priorities of the State for the region, as determined by the Governor, and identify the needs on which such goals, objectives, and priorities are based; and (3) describe the development program for achieving such goals, objectives, and priorities, including funding sources, and recommendations for specific projects to receive assistance under this Act.

(b)(1) Local development districts certified by the State under section 301 of this Act provide the linkage between State and sub-state planning and development. In carrying out the development planning process, including the selection of programs and projects for assistance, States shall consult with local development districts, local units of government, and citizen groups and take into consideration the goals, objectives, priorities, and recommendations of such bodies. The districts shall assist the States in the coordination of areawide programs and projects, and may prepare and adopt areawide plans or action programs.

(2) The Commission shall encourage the preparation and execution of areawide action programs which specify interrelated projects and schedules of action together with the necessary agency fundings and other commitments to implement such programs. Such programs shall make appropriate use of existing plans affecting the area.

(c) To the maximum extent practicable, Federal departments, agencies, and instrumentalities undertaking or providing financial assistance for programs or projects in the region shall (1) take into account the policies, goals, and objectives established by the Commission and its member States pursuant to this Act; (2) recognize Appalachian State development programs approved by the Commission as satisfying requirements for overall economic development planning under such programs or projects; and (3) accept the

boundaries and organization of any local development district certified under this Act which the Governor may designate as the areawide agency required under any such program undertaken or assisted by such Federal departments, agencies, and instrumentalities.

SEC. 226. DISTRESSED AND ECONOMICALLY STRONG COUNTIES.

(a) DESIGNATIONS.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this section, and annually thereafter, the Commission, in accordance with such criteria as the Commission may establish, shall—

(A) designate as “distressed counties” those counties in the region that are the most severely and persistently distressed; and

(B) designate 2 categories of economically strong counties, consisting of—

(i) “competitive counties”, which shall be those counties in the region that are approaching economic parity with the rest of the United States; and

(ii) ‘attainment counties’, which shall be those counties in the region that have attained or exceeded economic parity with the rest of the United States.

(2) ANNUAL REVIEW OF DESIGNATIONS.—The Commission shall—

(A) conduct an annual review of each designation of a county under paragraph (1) to determine if the county still meets the criteria for the designation; and

(B) renew the designation for another 1-year period only if the county still meets the criteria.

(b) DISTRESSED COUNTIES.—In program and project development and implementation and in the allocation of appropriations made available to carry out this Act, the Commission shall give special consideration to the needs of those counties for which a distressed county designation is in effect under this section.

(c) ECONOMICALLY STRONG COUNTIES.—

(1) COMPETITIVE COUNTIES.—Except as provided in paragraphs (3) and (4), in the case of a project that is carried out in a county for which a competitive county designation is in effect under this section, assistance under this Act shall be limited to not more than 30 percent of the project cost.

(2) ATTAINMENT COUNTIES.—Except as provided in paragraphs (3) and (4), no funds may be provided under this Act for a project that is carried out in a county for which an attainment county designation is in effect under this section.

(3) EXCEPTIONS.—The requirements of paragraphs (1) and (2) shall not apply to—

(A) any project on the Appalachian development highway system authorized by section 201;

(B) any local development district administrative project assisted under section 302(a)(1); or

(C) any multicounty project that is carried out in 2 or more counties designated under this section if—

- (i) at least 1 of the participating counties is designated as a distressed county under this section; and
- (ii) the project will be of substantial direct benefit to 1 or more distressed counties.

(4) WAIVER.—

(A) IN GENERAL.—The Commission may waive the requirements of paragraphs (1) and (2) for a project upon a showing by the recipient of assistance for the project of 1 or more of the following:

(i) The existence of a significant pocket of distress in the part of the county in which the project is carried out.

(ii) The existence of a significant potential benefit from the project in 1 or more areas of the region outside the designated county.

(B) REPORTS TO CONGRESS.—The Commission shall submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives an annual report describing each waiver granted under subparagraph (A) during the period covered by the report.